



# *EMPLOYEE BULLETIN*

EB No. 1358

24 March 1986

## UPDATE ON POTENTIAL TAX CHANGES TO FEDERAL ANNUITIES

Reference: EB No. 1350 dated 20 March 1986

1. The reference provided a continuing update on tax reform legislation under consideration by Congress and its potential impact on Government annuities. This employee bulletin further notifies Agency personnel of more recent information concerning this subject.

2. The Senate presently is involved with the tax issue and preliminary information indicates that the Senate version of the legislation under consideration will include a provision similar to the House proposal whereby current favorable tax treatment would be eliminated in the near future. However, unlike the House version, which has an effective date for annuities starting after 1 July 1986, the Senate version would have an effective date beginning 1 January 1987 and would be phased in over a 2-year period. Senate hearings are scheduled to take place in the next few weeks on the tax issue and this specific proposal. More definitive information will be available as the deliberations progress. The Office of Personnel will continue to keep employees abreast of this important issue.

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